



City of Covina Business License & Fee Forgiveness Program Program Background & Overview

Funding Background:

On March 11, 2021, President Biden signed into law The American Rescue Plan of 2021 (ARPA). Included in this bill is \$130.2 billion for local governments to provide area-specific assistance to respond to and mitigate the negative effects of the COVID-19 Pandemic on their communities. Of this, the City of Covina will receive approximately \$11,351,049 in total, of which \$5,675,000 has been received thus far.

On August 17, 2021, the Covina City Council adopted Resolution CC 2021-99, accepting the ARPA funding allotment and appropriating the first tranche of funds towards a wide range of local programs & services, including grant programs to support households and businesses.

Program Purpose & Description:

One such program activity approved by the Covina City Council is a business fee forgiveness program. The purpose of this program is to provide financial relief to businesses who were negatively impacted by COVID-19. This funding is eligible to be spent on City fees that businesses incur for annual operations, or fees that are due when a business modifies their operations. Businesses are eligible to receive up to \$2,000 in fee forgiveness for eligible expenses. \$100,000 has been budgeted for the duration of this program.

The purpose of this program is to help relieve the financial burden on local businesses caused by the COVID-19 pandemic. The funding may be used to cover past-due fees owed to the City, to cover fees that are upcoming, and to assist with fees that are incurred when the business expands operations. Funds will be dispersed on behalf of the applicant directly to any current, future, or outstanding fees. Applicants will not receive payment directly.

General Program Guidelines:

Eligible businesses must provide a written statement detailing the negative financial impact COVID-19 has had on their business operations, and certify to its' accuracy. Eligible businesses will be able to prove that at least a 25% reduction in annual revenue occurred due to COVID-19. Additionally, businesses must be physically located in the City of Covina. Fees incurred prior to March 2020 will not be eligible for forgiveness. Each business is eligible to receive up to \$2,000- depending on pre-application response, a

lottery may be held to determine those moving forward. A list of ineligible businesses can be found on pages 3 and 4.

Businesses may request forgiveness for City-owned fees including but not limited to; business license renewals, alarm permit fees, alarm response fees, and entertainment permits. Fee forgiveness is available for fees incurred since March 2020, and businesses are able to request future fee forgiveness for upcoming fees, such as their next business license or alarm renewal. Applicants may also request fee forgiveness in conjunction with an application for planning fees, such as a Conditional Use Permit. If fee forgiveness does not cover the full amount of the fee, the applicant remains responsible for the balance of the fee(s) due. Please note the only eligible planning application fees are Conditional Use Permits (new) and all Site Plan Reviews. City issued fines and rent are not eligible for this program.

If your business is interested in the City of Covina's Business License & Fee Forgiveness Program, please complete the attached pre-application. There is no cost to apply. For questions as the program is finalized, please contact the email below.

City of Covina Community Development Department
125 E. College Street, Covina, CA 91723
Attention: Fee Forgiveness Program
e-mail feeforgiveness@covinaca.gov

BUSINESS LICENSE & FEE FORGIVENESS PROGRAM PROGRAM GUIDELINES

INFORMATION AND EVALUATION STANDARDS

The City of Covina has received funding through the Department of the Treasury through The American Rescue Plan Act of 2021 (ARPA) for use in preventing, preparing for, and responding to the COVID-19 pandemic. The Covina Business License and Fee Forgiveness Program will provide one-time grants of up to \$2,000 to eligible City of Covina businesses that have been impacted by the COVID-19 pandemic. These funds will assist qualified local, for-profit businesses in the City of Covina. The funding may be used to cover past-due fees owed to the City, to cover fees that are upcoming, and to assist with fees that are incurred when the business expands operations. Funds will be dispersed on behalf of the applicant directly to any current, future, or outstanding fees. Applicants will not receive payment directly.

Objectives

The Business License & Fee Forgiveness Program (Program) encourages:

- Private sector job creation/retention;
- Capital formation;
- Private sector projects that have a financial feasibility based on recognized underwriting criteria;
- Development of sales tax and property tax base;
- Support of existing businesses;
- Relief of negative impact of the COVID-19 pandemic.

Application Limits

Only one (1) application per business owner will be considered. Owners of multiple businesses may only submit one (1) application for one (1) of their businesses that is located within the City.

Eligible Businesses

1. For-profit businesses located within the City of Covina that have been negatively financially impacted by COVID-19.
2. The business must have been established in Covina by March 11, 2020.
3. The business must be able to certify and provide proof that at least a 25% reduction in annual revenue occurred due to COVID-19.
4. Must have a Covina business license, including those which are past-due.
5. Must not be listed on the SAM.gov exclusions list.

Ineligible Businesses

Certain business types are ineligible to receive funding. This includes but is not limited to:

- Financial/lending/loan institutions;
- Private membership or fraternal organizations/businesses;

- Adult oriented businesses;
- Gambling businesses;
- Liquor store, tobacco/vape shops, and marijuana dispensaries or producers;
- Real estate related businesses, including landlords;
- Non-profit businesses;
- National/regional chain businesses;
- Multi-level marketing businesses;
- Religious institutions;
- Businesses with active Code Enforcement violations.

Arms-Length Transactions

Grant may not be used to support costs for services or goods going to, or coming from, a person or entity with a real or apparent conflict of interest. All transactions must be Arm's-length Transactions.

Eligible Activities

Eligible fees are those issued and collected by the City of Covina, including:

- Business license renewals, including those due in the future and past due;
- Business license past-due renewals, for balances incurred since March 11, 2020;
- Alarm permits, alarm response fees, entertainment permits, and private patrol operators permits.
- Conditional Use Permits and Site Plan Reviews.

Ineligible Activities

Ineligible fees include but are not limited to:

- Development related fees, such as Development Impact Fees;
- Payment of any City and/or Code Enforcement violations, and/or any appeals payments;
- Any fees owed to the City through legal ruling or settlement;
- Rent, utilities, and employee payroll;
- Projects outside the limits of the City of Covina;
- Job pirating. This is the use of federal funds to attract businesses and its jobs away from one labor market to another;
- Uses determined as ineligible by the federal government and The American Rescue Plan Act of 2021.

COVID-19 Impact Statement

Businesses must provide a written COVID-19 Impact Statement, detailing the 25% or greater loss in annual revenue due to the COVID-19 pandemic, and acknowledge that further verification may be requested by the City, State, and/or the Department of the Treasury at any time under the American Rescue Plan Act, Section Pub L No.117-2.

Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony and assistance can be terminated for knowingly and willingly making a false or fraudulent statement to a department of the United States Government.

Public Benefit Determination

In determining the public benefit, the following factors will be considered:

- Other development which is likely to be stimulated in the area by the project activity;
- Increases in the tax base including property, sales and income taxes in the area;
- Increases in needed services which result either from the project itself or from its surrounding activity.

Maximum Grant Amounts

There is a total of \$100,000 allocated to this program. The amount of the grant to individual businesses is determined by the following:

- Up to \$2,000 demonstrated by need and impact of the COVID-19 pandemic.

Labor Standards

If the project includes construction, rehabilitation and/or machinery installation Federal Labor Standards may apply. This includes the Davis/Bacon Act which requires that workers doing rehabilitation and/or installation receive no less than the prevailing wage as determined by the Act's guidelines. Also, additional regulations may apply.

Agreements

You will be required to sign binding agreements pertaining to funding use and truthfulness of your application and documentation.

Time Period

Application processing takes approximately 1 month.

Monitoring

All records will be kept for five years past the end of the compliance period. To maintain transparency for this program, business names, grant amounts, and grant terms will be public information. Also, applicants may be randomly selected for audit by the City or its agents.

Covina Business License

A Covina business license is required.

Application Review

Pre-applications will be pre-screened for basic eligibility (i.e. the business is within the City of Covina). Pre-applicants who are eligible will move into a lottery (if needed) and the first fifty businesses chosen in the lottery will be invited to submit a full application and all relevant documentation within four weeks of contact date. If no waitlist is needed, pre-applications will be reviewed and processed in the order received. A waitlist will be maintained in the order that pre-applications are received. Missing documentation will deem an application incomplete and disqualify the pre-applicant, and will then allow those from the back up list to proceed in the

order that their name was chosen from the back up lottery. An application will be deemed either qualified, or not qualified. This is not a weighted application.

Application and Award Process

Step 1.	Pre-Applications will be accepted to determine eligibility for the lottery. After the pre-applications are made available, they will be accepted on a continual basis until funds are fully committed, 50 pre-applications are received, or the program ends, whichever is first. The City reserves the right to pause pre-application acceptance if needed for processing. A lottery may be held if needed.
Step 2.	You will be contacted via email by a City representative if your pre-application is selected and deemed qualified. Successful pre-applicants will be required to submit complete applications with all documentation within three (3) weeks of notification of eligibility by the City.
Step 3.	City will begin the underwriting process. Applications and complete documentation must be submitted. Only applications that are complete, with all of the required documentation, will be reviewed and underwritten. Incomplete applications will be rejected.
Step 4.	Upon approval of your application, you will review and sign the grant agreement and all other pertinent documents.
Step 5.	Fund disbursement. The City will apply awarded grant funds to eligible outstanding or future fees and provide the grantee with a receipt detailing proof of payment.

Required Documents

If chosen, the business will be required to provide the following within three weeks of contact date:

Complete application and the following additional documents:

- a) Copy of business license, even if expired.
- b) Copy of one (1) government-issued identification for all business owners with a 20% or greater ownership interest.
- c) W9 form.
- d) COVID-19 Impact Statement.
- e) Other document(s) that may be requested by City.